- The all-in-cost ceiling for ECBs for average maturity period of three years and up to five years was enhanced to 300 basis points above LIBOR and to 500 basis points above LIBOR for ECBs over five years.
- The all-in-cost ceiling for trade credit less than 3 years was enhanced to 6 months LIBOR plus 200 basis points.
- Systemically Important Non-Deposit taking NBFCs have been temporarily permitted to raise short-term foreign currency borrowings under the approval route, subject to their complying with the prudential requirements of capital adequacy and exposure norms. Housing finance companies (HFCs) registered with the National Housing Bank (NHB) have also been permitted to raise short-term foreign currency borrowings under the approval route, subject to their complying with prudential norms laid down by the NHB.
- The Reserve Bank of India has also instituted a rupee-dollar swap facility for banks with overseas branches to give them comfort in managing their short-term funding requirements.
- RBI announced a scheme for buy-back of FCCBs issued by Indian corporates on November 15, 2008 and introduced further relaxations in this regard on December 6, 2008.

Loans for large, medium and small enterprises

1637. SHRI S.S. AHLUWALIA : Will the PRIME MINISTER be pleased to state:

(a) the volume of loan approved by public sector banks for funding of projects and to meet working capital need of the large, medium and small size enterprises year-wise since 2006-07 till June 30, 2008 indicating along side the fund actually released to borrowers;

(b) the parameters of these enterprises considered by banks for ascertaining their eligibility to borrow;

(c) whether it is a fact that these lending banks have withhold release of subsequent trench of loans to these enterprises under the pretext of reviewing their repayment potential details de novo; and

(d) if so, the reasons therefore?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) Information is being collected and will be laid on the table of the House.

Funding of infrastructure projects

1638. SHRI T.T.V. DHINAKARAN: Will the PRIME MINISTER be pleased to state:

(a) whether funding of infrastructure projects has decreased in the recent past;

(b) if so, the reasons therefor; and

(c) the action taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) A large number of infrastructure projects are now being cleared for implementation in PPP mode. These projects may experience difficulties in reaching financial closure in view of the uncertain conditions prevailing in the global financial system.

(c) Steps such as reduction in the Cash Reserve Ratio (CRR) and additional flexibility in meeting the Statutory Liquidity Ratio (SLR) requirement have been taken to infuse liquidity into the banking system. Interest rate reductions have also been signaled by reductions in repo and reverse repo rates. Access to External Commercial Borrowings (ECB) has been liberalized to enable borrowers to access funds from abroad. In a recent stimulus package, Government has announced that India Infrastructure Finance Company Ltd (IIFCL) will float tax free bonds worth Rs. 10,000 crore, the proceeds of which will be utilized to refinance long term bank loans taken by PPP developers, particularly in the highways and ports sectors.

Income disparity

†1639. SHRI AJAY SINGH CHAUTALA : Will the PRIME MINISTER be pleased to state:

(a) whether despite constant increase in annual growth rate for past several years, the society has witnessed disparity in income; and

(b) whether Government proposes to modify present measures for economic development so that the country can see balanced development?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) While it is true that growth in GDP at market prices every year since 2003-04 has exceeded 8 per cent till 2007-08, the National Sample Survey data on the consumption expenditure for 61st round (2004-05) and 55th round (1999-2000), reveals that poorest population had a higher level of living in 2004-05 than in 1999-2000.

(b) Government of India is committed to ensure broad based improvement in the quality of life of people especially the poor and other disadvantaged sections of society, Accordingly, the Eleventh Plan also lays heavy emphasis on inclusive growth strategy that reduces poverty and creates employment opportunities underpinned by the National Rural Employment Guarantee besides providing equal opportunity, empowerment through education and skill development.

Non-performing assets of commercial banks

1640. SHRI R.C. SINGH: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that the Non-Performing Assets (NPAs) of the commercial banks both public and private sector has increased recently; and

(a) if so, the details thereof, and the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The gross non-performing assets (NPAs) of commercial banks including public sector, private sector and foreign banks stood at Rs. 51,097 crore, Rs. 50,486 crore and Rs. 55,842 crore as on 31st March 2006, 2007 and 2008 respectively. In percentage terms, the ratio of gross NPAs of these banks to their gross advances has decreased from 3.3% in 2006 to 2.5% in 2007 and 2.39% in 2008. The details of NPAs of public and private sector banks for the last three years are as under:-

†Original notice of the question was received in Hindi